

Council on Postsecondary Education
October 10, 2001

2002-04 Budget Recommendation
Work Session

At the November 5 council meeting, members will take action on funding issues that will lay the groundwork for postsecondary education reform for the next biennium. The following material provides information on the five primary 2002-04 budget components:

- Operating Recommendation
- Strategic Investment and Incentive Trust Funds Recommendation
- Special Funding Requests
- Capital Outlay Recommendation
- Agency/KYVU/KYVL Operating and Capital Recommendations

A separate schedule of the council staff's preliminary funding recommendations for postsecondary education is inserted in the agenda book. The postsecondary education budget includes:

- Postsecondary Education Institutions
- Council and KYVU/KYVL (including pass-through programs)
- Kentucky Higher Education Assistance Authority
- Strategic Investment and Incentive Trust Funds

**TUITION AND FEES REVENUE AS A PERCENT OF PUBLIC FUNDS
2002-04 BENCHMARK FUNDING**

<u>Institution</u>	<u>2001-02 Enacted Appropriation (HB 502)</u>	<u>Enrollment Growth & Retention*</u>	<u>Trust Funds</u>		<u>Pass Through Programs</u>	<u>Total General Fund Appropriation</u>	<u>2001-02 Budgeted Tuition and Fees Revenue**</u>	<u>Total General Fund and Tuition and Fees Revenue (Public Funds)</u>	<u>Budgeted Tuition and Fees Revenue as a % of Public Funds</u>	<u>2002-04 Benchmark Funding Model Tuition & Fees Deduction***</u>
			<u>Action Agenda</u>	<u>Workforce Development Training</u>						
EKU	72,435,200	363,300	2,433,000		-	75,231,500	38,697,800	113,929,300	34.0%	34.0%
KSU	22,717,900	62,200	732,000		-	23,512,100	8,584,500	32,096,600	26.7%	26.7%
MoSU	41,030,700	320,500	1,435,000		-	42,786,200	24,013,500	66,799,700	35.9%	35.9%
MuSU	50,737,100	349,000	1,659,000		-	52,745,100	33,642,000	86,387,100	38.9%	37.0%
NKU	44,613,400	436,600	1,414,000		-	46,464,000	44,395,300	90,859,300	48.9%	37.0%
UK (excluding LCC)	313,616,900	370,000			600,000	314,586,900	121,680,900	436,267,800	27.9%	27.9%
LCC	8,593,700	315,200			-	8,908,900	11,331,800	20,240,700	56.0%	30.0%
UL	179,478,800	306,200			-	179,785,000	86,468,300	266,253,300	32.5%	32.5%
WKU	67,701,700	663,500	2,327,000		-	70,692,200	43,690,000	114,382,200	38.2%	37.0%
KCTCS	184,748,000	3,500,000		6,000,000	-	194,248,000	63,393,300	257,641,300	24.6%	24.6%
Total	\$ 985,673,400	\$ 6,686,500	\$ 10,000,000	\$ 6,000,000	\$ 600,000	\$ 1,008,959,900	\$ 475,897,400	\$ 1,484,857,300		

* Reflects earned enrollment growth funds and allocated retention funds.

** As reported to the CPE Comprehensive Data Base (form FD-1B).

*** The proposed standard is 30% for KCTCS, LCC, and KSU and 37% for EKU, Morehead, Murray, NKU, UK, UofL, and WKU or budgeted tuition and fees revenue, whichever is lower.

ESTIMATED FALL 2001 HEADCOUNT ENROLLMENT AND FULL-TIME EQUIVALENT*

Attachment B

	<u>EKU</u>	<u>KCTCS</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>UK</u>	<u>LCC</u>	<u>UofL</u>	<u>WKU</u>	<u>Total</u>
Undergraduate											
Full-Time	9,991	25,086	1,668	6,079	6,732	8,264	15,136	4,978	9,807	11,315	99,056
Part-Time	2,916	34,945	498	994	1,092	3,214	2,064	3,022	4,423	2,817	55,985
Total Undergraduate	12,907	60,031	2,166	7,073	7,824	11,478	17,200	8,000	14,230	14,132	155,041
Graduate											
Full-Time	388		60	326	503	93	2,760		1,958	639	6,727
Part-Time	1,467		89	1,401	1,168	803	2,540		2,212	1,721	11,401
Total Graduate	1,855	-	149	1,727	1,671	896	5,300	-	4,170	2,360	18,128
Professional											
Full-Time						214	1,297		1,269		2,780
Part-Time						162	53		-		215
Total Professional	-	-	-	-	-	376	1,350	-	1,269	-	2,995
Total											
Full-Time	10,379	25,086	1,728	6,405	7,235	8,571	19,193	4,978	13,034	11,954	108,563
Part-Time	4,383	34,945	587	2,395	2,260	4,179	4,657	3,022	6,635	4,538	67,601
Total	14,762	60,031	2,315	8,800	9,495	12,750	23,850	8,000	19,669	16,492	176,164
Estimated Fall 2001											
Full Time Equivalent (FTE)*	11,840	36,734	1,924	7,203	7,988	9,964	20,745	5,985	15,246	13,467	131,097
Fall 1998 FTE	12,468	33,741	1,856	6,746	7,505	9,165	21,241	4,551	15,894	12,055	125,222
(as used in 2000-02 benchmark calculations)											
Percent Change	-5.0%	8.9%	3.6%	6.8%	6.4%	8.7%	-2.3%	31.5%	-4.1%	11.7%	4.7%

* FTE = Total full-time headcount + 1/3 part-time headcount. Excludes post doctoral students and house staff.

**D R A F T - PRELIMINARY CALCULATIONS
FOR DISCUSSION PURPOSES ONLY
2002-2004 BENCHMARK FUNDING - FINANCIAL ANALYSIS**

Attachment C

	<u>EKU</u>	<u>KCTCS</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>UK</u>	<u>LCC</u>	<u>UofL</u>	<u>WKU</u>
2002-2004 Benchmark Objective (1)	\$ 10,050	\$ 7,059	\$ 10,637	\$ 9,885	\$ 10,179	\$ 9,895	\$ 16,103	\$ 6,332	\$ 16,501	\$ 10,050
2001-02 Estimated Objective (2)	\$ 11,014	\$ 7,736	\$ 11,657	\$ 10,833	\$ 11,155	\$ 10,844	\$ 17,647	\$ 6,939	\$ 18,083	\$ 11,014
Less Tuition and Fees (Standard or Budgeted) (3)	3,745	1,903	3,112	3,889	4,127	4,012	4,923	2,082	5,877	4,075
Net Funding Need Per FTE	\$ 7,269	\$ 5,833	\$ 8,545	\$ 6,944	\$ 7,028	\$ 6,832	\$ 12,724	\$ 4,857	\$ 12,206	\$ 6,939
2001-02 State General Fund Appropriations	\$ 72,435,200	\$ 184,748,000	\$ 22,717,900	\$ 41,030,700	\$ 50,737,100	\$ 44,613,400	\$ 313,616,900	\$ 8,593,700	\$ 179,478,800	\$ 67,701,700
Trust Funds										
Enrollment Growth and Retention (4)	365,300	3,500,000	62,200	320,500	349,000	436,600	370,000	315,200	306,200	663,500
Action Agenda	2,433,000	-	732,000	1,435,000	1,659,000	1,414,000	-	-	-	2,327,000
Workforce Development Training	-	6,000,000	-	-	-	-	-	-	-	-
Pass Through Programs	-	-	-	-	-	-	600,000	-	-	-
Total State General Fund Appropriations	\$ 75,233,500	\$ 194,248,000	\$ 23,512,100	\$ 42,786,200	\$ 52,745,100	\$ 46,464,000	\$ 314,586,900	\$ 8,908,900	\$ 179,785,000	\$ 70,692,200
Estimated Fall 2001 FTE (5)	11,840	36,734	1,924	7,203	7,988	9,964	20,745	5,985	15,246	13,467
Estimated General Fund Per FTE	\$ 6,354	\$ 5,288	\$ 12,223	\$ 5,940	\$ 6,603	\$ 4,663	\$ 15,164	\$ 1,488	\$ 11,793	\$ 5,249
Difference (Need less estimated)	\$ 915	\$ 542	\$ (3,678)	\$ 1,004	\$ 425	\$ 2,168	\$ (2,441)	\$ 3,369	\$ 414	\$ 1,689
General Fund Appropriation Need (Difference X Enrollment Fall 2001 FTE)	\$ 10,832,651	\$ 20,029,049	\$ (7,131,059)	\$ 7,233,248	\$ 3,394,915	\$ 21,606,783	\$ (50,629,918)	\$ 20,164,644	\$ 6,308,471	\$ 22,748,784
3 Year Phase-In Annual Increase (6)	\$ 3,610,884	\$ 6,676,350	\$ -	\$ 2,411,083	\$ 1,131,638	\$ 4,646,400	\$ -	\$ 890,890	\$ 2,102,824	\$ 7,069,220
4 Year Phase-In Annual Increase (6)	\$ 2,708,163	\$ 5,007,262	\$ -	\$ 1,808,312	\$ 848,729	\$ 4,646,400	\$ -	\$ 890,890	\$ 1,577,118	\$ 5,687,196
5 Year Phase-In Annual Increase (6)	\$ 2,166,530	\$ 4,005,810	\$ -	\$ 1,446,650	\$ 678,983	\$ 4,321,357	\$ -	\$ 890,890	\$ 1,261,694	\$ 4,549,757
<u>Executive Budget Inflationary Increase</u>										
2001-02 Base	\$ 75,233,500	\$ 194,248,000	\$ 23,512,100	\$ 42,786,200	\$ 52,745,100	\$ 46,464,000	\$ 314,586,900	\$ 8,908,900	\$ 179,785,000	\$ 70,692,200
Less: Debt Service	4,325,200	10,712,900	2,244,500	884,200	1,886,300	5,043,000	10,590,500	695,000	11,331,500	2,592,600
UofL Hospital Contract	-	-	-	-	-	-	-	-	17,052,900	-
Net Appropriation	\$ 70,908,300	\$ 183,535,100	\$ 21,267,600	\$ 41,902,000	\$ 50,858,800	\$ 41,421,000	\$ 303,996,400	\$ 8,213,900	\$ 151,400,600	\$ 68,099,600
2002-03 Increase - 2.0%	\$ 1,418,200	\$ 3,670,700	\$ 425,400	\$ 838,000	\$ 1,017,200	\$ 828,400	\$ 6,079,900	\$ 164,300	\$ 3,028,000	\$ 1,362,000
2003-04 Increase - 2.0%	\$ 1,446,500	\$ 3,744,100	\$ 433,900	\$ 854,800	\$ 1,037,500	\$ 845,000	\$ 6,201,500	\$ 167,600	\$ 3,088,600	\$ 1,389,200
Total 2002-04 Increase	\$ 2,864,700	\$ 7,414,800	\$ 859,300	\$ 1,692,800	\$ 2,054,700	\$ 1,673,400	\$ 12,281,400	\$ 331,900	\$ 6,116,600	\$ 2,751,200

Next Steps:

**Mandated Programs & Debt Service Deductions
Phase-In of Funding Need**

Three Year Phase-in Funding Need:

\$ 72,130,200

Four Year Phase-in Funding Need:

\$ 62,808,400

Five Year Phase-in Funding Need:

\$ 56,074,000

1. The average of the 50th, 55th, and 60th percentiles.
2. The benchmark funding objective increased by inflation.
3. The tuition and fees deduction is based on 2001-02 budgeted tuition and fees as a percent of total public funds or the standard deduction approved by the council (37% for universities; 30% for KSU, KCTCS, and LCC).
4. Amount reflects earned enrollment growth funds and retention funds. Unearned enrollment growth funds lapse to the trust funds.
5. FTE = total full-time headcount + 1/3 part-time headcount.
6. The shaded areas represent the greater funding need (benchmark funding as compared to the inflationary increase). The council staff recommends limiting the annual percentage increase to 10 percent .
(NKU and LCC annual increases are limited to 10 percent.)